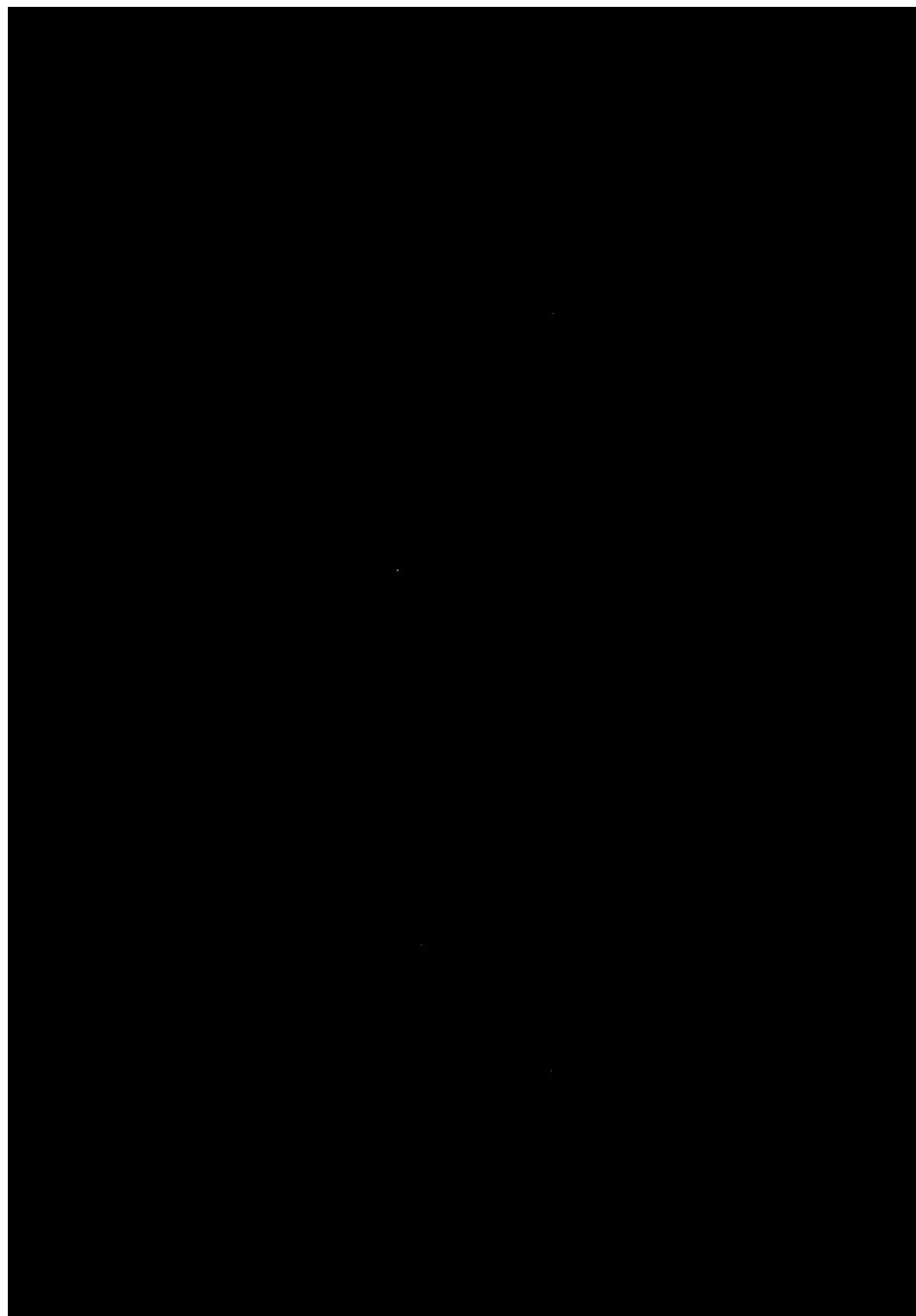


**The
Crow's Nest
Pass Coal
Company
Limited**



**Sixteenth
Annual Report
1912**



THE CROW'S NEST
PASS COAL
COMPANY
LIMITED

SIXTEENTH
ANNUAL REPORT
1912



HEAD OFFICE — TORONTO, ONTARIO
MINES OFFICE — FERNIE, B.C.

THE CROW'S NEST PASS COAL COMPANY

LIMITED



Capital Stock (Authorized) - \$10,000,000.00

Capital Stock (Subscribed) - 6,212,666.66

Capital Stock (Paid Up) - - 6,212,666.66



STOCK TRANSFER OFFICE
COMPANY'S HEAD OFFICE, TORONTO

REGISTRAR
NATIONAL TRUST CO., LIMITED, TORONTO

BOARD OF DIRECTORS FOR 1913

PRESIDENT

ELIAS ROGERS,
President Rogers Transportation Co., President National Life
Assurance Co., Director Imperial Bank, Director
National Trust Company.

VICE-PRESIDENT

E. C. WHITNEY,
President St. Anthony Lumber Co., Ottawa, Ont.

DIRECTORS

JAY P. GRAVES,
Vice-President Granby Consolidated M. S. & P. Company,
Spokane, Wash.

W. P. CLOUGH,
Vice-President Northern Pacific Railway Co., New York, N.Y.

H. B. MCGIVERIN,
Messrs. McGiverin, Haydon & Ebbs, Barristers, Ottawa.

W. H. ROBINSON,
Vice-President Granby Consolidated M. S. & P. Company, Granby,
Que.

DR. GOLDWIN W. HOWLAND,
Toronto.

OFFICERS

Secretary	R. M. YOUNG.
Assistant Secretary	MISS L. M. KELLEY.
Treasurer	ELIAS ROGERS.
Auditor.....	H. J. WELCH, C.A.

PROCEEDINGS

OF THE

SIXTEENTH ANNUAL GENERAL MEETING OF SHAREHOLDERS

On the 14th day of March, 1913, the Annual General Meeting of the Company was held, pursuant to Notice, in the Board Room of the National Life Assurance Company. The meeting, as soon as organized, was, on motion, duly adjourned till Tuesday, the 15th day of April, 1913, at 2.30 p.m. At the said meeting 56 shareholders were present in person or by proxy, representing 69 per cent. of the stock.

The Adjourned Annual Meeting of the Shareholders was held in the Board Room of the National Life Assurance Company, Toronto, on Tuesday, the 15th day of April, 1913, at 2.30 p.m.

The following Shareholders were present, representing 80 per cent. of the stock:

IN PERSON—

Norman Ainley	H. B. McGiverin, K.C.
Geo. Angus	James McEvoy
John D. Chipman	Sir Henry M. Pellatt
Col. W. P. Clough	Elias Rogers
F. H. Deacon & Co.	W. H. Robinson
James F. Edgar	S. C. Smoke
Jaffray Eaton	G. A. Stimson
James Gunn	Henry Swan
Ruliff Grass	John Stark
Dr. G. W. Howland	Stuart Strathy
Hon. Robert Jaffray	J. P. Stedman
G. G. S. Lindsey, K.C.	E. C. Whitney
Chas. S. Murray	William Young

BY PROXY—

Brown Bros. & Co.	Mrs. Ella B. Harriss
S. D. Boak, in trust	H. Chippindale Higgin
Jules E. H. Barth	H. Spencer Holcroft
Geo. A. Chapman	Frances Laurie, in trust
Mrs. Alice E. Cattermole	C. G. Major and } in trust
Hon. Geo. A. Cox	Jos. Hunter
J. L. Counsell	Mrs. Mary Monteith
G. W. Cook	Frank E. Maulson
John L. Davison	Richard J. McLaren
Mrs. Myrtle M. Ellis	E. T. Nichols
Miss Catherine Odell Elwell	Mrs. Kate M. Perrin
William Fernie	F. B. Pemberton
F. A. Fleming	T. H. Purdom
Mrs. Elizabeth Folingsby	W. Robert, Mgr.
Estate of Samuel Finley	Alfred Rogers
Granby Consolidated M. S. & P. Co.	Mrs. Ada J. B. Stevenson
W. H. Goadby & Co.	Fred. H. Sykes
Jay P. Graves	C. C. Smith
Mrs. Emily H. Gemmill	Geo. Sloane
A. J. Goodall	Nicholas Terhune
F. J. Gunne	Miss Violet A. Tobin
Miss Lillie E. Gouinlock	A. W. Vowell
Harris Cook & Co.	D. R. Wilkie
Miss Edith S. Hill	E. R. Wood
R. Harmer	Mrs. Carrie N. Waterman
Hanson Bros.	Mrs. Ellen Watson

The President, Mr. Elias Rogers, having taken the chair, Mr. A. E. Stovel was requested to act as Secretary to the meeting.

The Secretary read the Notice calling the meeting for the 14th day of March, 1913, at 2.30 p.m., and also the Notice of Adjournment to the present date.

The Minutes of the Fifteenth Annual Meeting, held on the 8th day of March, 1912, and the Adjournment thereof, held on the 21st day of March, 1912, were taken as read, whereupon the President signed the same.

The Secretary then read the Sixteenth Annual Report of the Directors, and the accompanying Financial Statement.

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

The Directors beg to submit to the Shareholders their Sixteenth Annual Report, including the Statement of Assets and Liabilities as of the 31st December, 1912.

The Balance at the debit of Profit and Loss Account, brought forward from 1911, amounted to \$52,030.22. The net profits from all sources of the operations of the Coal Company for the year 1912 were \$471,454.16, leaving the amount at the credit of Profit and Loss Account to be carried forward to 1913, \$419,423.94.

The coal mined during the year amounted to 1,064,791 tons. The coke produced during the year was 245,229 tons.

During the year the amount spent on Improvements charged to Capital Account was \$19,976.31, and the amount spent on Development charged to Capital Account was \$18,418.58.

The Crow's Nest Pass Electric Light and Power Company, Limited, carried forward to the credit of Profit and Loss Account, last year, \$1,134.73. The profits for the year 1912 amounted to \$5,863.81, making the total amount at the credit of Profit and Loss Account of that Company, December 31st, 1912, \$6,998.54.

The Morrissey, Fernie & Michel Railway Company carried forward a loss last year of \$7,002.31. That loss has been made up during the year, and there is now \$25,078.49 at the credit of Profit and Loss Account, or a total profit of all Companies for the year 1912 of \$509,398.77.

All of which is respectfully submitted.

ELIAS ROGERS,
President.

TORONTO, ONT., March 14th, 1913.

BALANCE SHEET, 31st DECEMBER, 1912

ASSETS

Mines, Real Estate, Plant and Development at Cost..	\$6,892,307.19	
Less Reserve for Depletion..	413,601.44	
		\$6,478,705.75
Securities Owned.....		776,753.08
Cash on Hand and in Banks..	\$ 113,702.92	
Accounts Receivable.....	347,861.15	
Inventories—Coal, Coke and Stores.....	153,577.01	
		615,141.08
		<u>\$7,870,599.91</u>

LIABILITIES

Capital Stock—Paid Up.....	\$6,212,666.66	
Profit and Loss Account.....	419,423.94	
		\$6,632,090.60
Liability Insurance Fund		26,071.92
Outstanding Cheques.....	130,747.10	
Bills Payable.....	795,000.00	
		925,747.10
Accounts Payable		286,690.29
		<u>\$7,870,599.91</u>

ELIAS ROGERS,
Treasurer.

PROFIT AND LOSS ACCOUNT

Year Ending 31st December, 1912.

Profits from Lands, Timber and other Sources	\$ 79,395.03
Dividend on Securities Owned.	786.00
Profit on Coal and Coke Oper- ations	392,990.36
	<hr/>
	\$ 473,171.39
Less Loss on Securities Sold..	1,717.23
	<hr/>
	\$ 471,454.16
Balance at Debit Jan. 1st, 1912	52,030.22
	<hr/>
Balance Carried Forward to 1913	\$ 419,423.94
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TORONTO, ONT., March 14th, 1913. ELIAS ROGERS,
Treasurer.

I report to the Shareholders of The Crow's Nest Pass Coal Company, Limited, that I have examined the Books and Accounts of the Company for the year ending 31st December, 1912.

Previous to 1908 no provision was made for depreciation. In the latter part of 1908 a Reserve Fund for Depreciation and Depletion was commenced by charging 10c. per ton of Coal mined to Cost of Operations. In 1910 this provision was further increased by charging 10c. per ton on Coke produced to Cost of Operations.

Subject to these remarks I certify that the appended Balance Sheet as of 31st December, 1912, is in my opinion properly drawn up so as to exhibit a true and correct view of the state of affairs of The Crow's Nest Pass Coal Company, Limited, at the 31st of December, 1912, as shown by their books on that date.

I further state that all my requirements as Auditor have been complied with.

HENRY J. WELCH, C.A.,
TORONTO, ONT., February 24th, 1913. Auditor.

THE PRESIDENT'S ADDRESS

In moving the adoption of the Report, Mr. Elias Rogers, President of the Company, said:

It is exceedingly gratifying to me that we are able at this time to present the Statement and Report which is before you. I have recently made a careful analysis of the results of the Company's operations year by year from the beginning in 1898 up to the end of the past year. Putting the accounting on the same basis, I find that last year is not only a record year in net earnings, but that the earnings for the year are largely in excess of the best two years in the Company's history.

Since assuming office, I have felt the necessity of making a start towards getting our accounting on a sound, commercial basis. We have, therefore, been charging all replacements to "Cost of Coal," also nearly all improvements and development. That the accounting at present is on a sound basis and a reasonably conservative one is evidenced by the fact that while we only show profits of \$509,398.77, we actually reduced the Company's indebtedness to Banks during the past year, \$568,099.29. In addition to this, we have paid twelve bonds of the Morrissey, Fernie & Michel Railway, one each month of \$1,155.94, or a total of \$13,-871.28, besides paying Bank interest, discount and exchange amounting to \$68,230.55. We added to the Reserve Fund for Depletion of Mines, etc., this year, \$131,002.04, making the amount now standing in the Reserve Account for Depletion \$413,601.44, as shown in the Statement.

It must be remembered, however, that for many years there was nothing written off on account of Depreciation. I presume every Shareholder realizes that there is depreciation on Plant and Equipment, also that Mine Development is depleted as the coal is recovered or exhausted from the various districts, and that a proper charge should be made for depreciation in these two items.

While very satisfactory progress has been made in opening new

mines and redeveloping some of the old mines, it will still take long months of careful planning and constant watching to redevelop economical mining areas through intricate and dangerous zones before these mines are brought up to a desirable physical standard for economic operations.

I quite appreciate the fact that Shareholders want dividends, and no one would be more glad than myself to see good dividends paid on the stock of this Company, but, unfortunately, we must face the situation as it is. I presume Shareholders, generally, are more or less familiar with the present financial situation in this country and throughout the world. It will be remembered that in 1908 One Million Dollars was borrowed on Demand Notes from the First National Bank of New York. Besides this a considerable sum was owing to the Canadian Banks, and the Company was committed to contracts which involved the expenditure of a further amount. Since then the Canadian Banks have been paid off entirely, and on March 31st we had a credit balance of \$72,562.78. Between January 1st this year and March 31st, we reduced our indebtedness to the First National Bank \$45,000.00. On April 1st we paid another \$25,000.00 on the principal, and the quarter's interest at 6%, amounting to \$11,835.00. In other words, since the date of the Statement, December 31st, we have reduced the Company's indebtedness to the First National Bank \$70,000.00, besides paying the interest. We have also paid three bonds of the Morrissey, Fernie & Michel Railway of \$1,155.94 each. The indebtedness to the First National Bank is now down to \$725,000.00. As it is a Demand Note it is, of course, within their power to call the loan at any time, and I do not know of any Canadian Bank that at the present time would be prepared to advance the money. However, from the Statement, and from what I have said, it will be seen that we are making steady progress, and at the present rate, barring accidents, it will not be very long before Shareholders will be getting some return for their money, and in a reasonable time, will find that their stock is a first-class investment.

In my judgment, with an industrial organization such as this, the policy should be to operate on sufficiently conservative lines to build up a fairly good reserve to provide for possible emergencies.

A little over a year ago, a General Sales Agent was appointed,

and a Sales Department established, with the result that our Commercial business has increased over one hundred per cent. during the past year. This, to some extent, helps to make up for the loss of tonnage owing to the introduction of oil for locomotive use on the Western divisions of the Great Northern and other railways.

It gives me great pleasure to testify to the harmony which prevails among the entire staff, and their hearty co-operation and earnest effort to promote the interests of the Company. As Shareholders, we are especially indebted to Mr. W. R. Wilson, our very excellent and capable General Manager, for the showing now before you.

In conclusion, I am glad to be able to report that our miners are earning more money than ever before in the history of the Company, and I believe, on the whole, are well satisfied with present working conditions, and on the best terms with the management. The present agreement with the miners expires March 31st, 1915. I am glad that Mr. Wilson is present with us to-day, and as he is fresh from the field of operations, will be able to answer any questions regarding the condition of the mines.

I beg to move the adoption of the Report, and will ask Mr. Whitney to second the motion.

Mr. E. C. Whitney, Vice-President of the Company, seconded the motion to adopt the Report.

An opportunity was then given for questions, after which Mr. W. R. Wilson, the General Manager, was asked to report regarding mine conditions and operations during the past year.

Mr. Wilson said in part:

MR. CHAIRMAN:

In responding to your request, I will endeavor to give a description of the operations during 1912, commencing with Coal Creek mines. Since the termination of the strike in the fall of 1911, we have opened and developed No. 1 East Mine at Coal Creek. This mine is situated on the south side of Coal Creek valley, and lays about one hundred feet above No. 2 Seam. The development consists of two new tunnels driven through rock and coal for a

distance of 480 feet before the normal level of coal is reached. The tunnels are started at a point on the Mountain side 900 feet to the east of No. 2 Pit Mouth. The tunnels were started in November, 1911, during the labor troubles, and pushed incessantly, with the result that within six months after we started the tunnels we were producing about 1,000 tons per day from newly developed coal. The main roadways of this mine are now advanced about 2,500 feet in from the face of the mountain, and are passing over the old wrecked workings of No. 2 Mine, which lays seated 100 feet below No. 1 Seam, at which point we find No. 1 Seam in reasonable normal condition, and the working faces all advancing in a good seam of coal from 10 to 16 feet thick.

During the summer of 1912 we prospected a seam of coal that lays about 320 feet above No. 1 Seam at Coal Creek, on both sides of the valley. The information obtained by prospecting led us to the conclusion that the Company would be justified in developing this seam. We are, therefore, now engaged in doing permanent development work on the seam on the north side of the valley, about 2,000 feet to the east of the Tipple. The main tunnels have now advanced about 250 feet, into what promises to be a further valuable seam of coal. The vein shows an average working section about 5 feet 6 inches thick, and a general quality equal to the best seams worked at Coal Creek. If this seam continues to carry the same structural outlines, we hope, before this year closes, to see a production of about 1,000 tons per day coming from this new opening, or mine.

Old reports and plans show that No. 1 North, and No. 9 North Mines, intercepted a fault under the region of the mountain apex, which fault or abnormal condition checked or stopped progress in the different mines on this side of the valley. During the last few months, we have driven No. 9 Mine main levels several hundred feet through this faulted, or crumpled zone, and now appear to have favorable or reasonable signs of encouragement, which indicate that No. 9 Seam, through the disturbed zone, may turn all right. Should this prove to be the case, the Company will be able to recover Old No. 1 Mine through the fault in addition to recovering No. 9 through the same troubled zone.

No. 1 High Line Levels have gone through the same fault, also two levels in No. 5 Seam. The advanced development work at both of these points show favorable signs for the permanent restoration of good working areas beyond the faulted zones.

No. 2 Mine, Coal Creek:

We are now engaged in reopening this abandoned mine. We have already recovered about 1,380 feet of the main tunnels through the fault, that were so seriously affected through the crushing movement that overran the mine before suspension. The main tunnels, after deflecting slightly to the west from old tunnels, are now going in good coal along the west side of old main levels, and give promise of providing a safe means of restoring the lost coal areas beyond to a profitable stage of development.

During 1912 we have practically developed about 2,000 tons per day of new coal areas at Coal Creek plant.

We will now turn our attention to Michel operations.

The operations at Michel during the year have been confined to the working of No. 3 Seams; Nos. 4 and 5 Seams, which are seated below No. 3 Seams, being allowed to stand, for reasons already given to the President in preceding reports.

No. 3 Seam, or what is called Lower No. 3 Seam, is a thin, hard seam of coal; in consequence, the vein has been worked somewhat irregular prior to 1912. No. 3 Seam lays about 60 feet above No. 4. It is, therefore, in physical order to work this seam in advance of No. 4 operations, if the best possible economic results are to be obtained from each seam. It was, therefore, decided to largely confine our efforts to No. 3 Seams, thereby endeavoring to place each dependent seam on the south side of Michel Creek in the best possible normal condition.

During 1912 they produced 284,324 tons from No. 3 Seams, which exceeds all past records about 370 per cent.

The geology on this side of Michel Creek is broken and faulty. We are now engaged in proving the extent of these defects in operative structure, and hope to be able in the near future to make reports showing that we have determined the extent of these abnormal conditions.

During 1912, Nos. 7 and 8 Mines have been kept closed.

We are now opening up No. 8 on the Mountain side or outcrop

at an elevation above the old workings. The prospect tunnels have opened up a good, clean seam of coal about 11 feet thick. We, therefore, hope to soon see a profitable output redeveloped from No. 8 Seam.

While there are many new mining problems to be studied and various difficulties to be overcome, I hold the opinion that your property carries intrinsic merits that will, if properly cared for, satisfy all reasonable investment claims. Proper patience must be exercised, and such forms of development worked out and encouraged as are necessary for the proper and permanent conduct of operations.

On motion of Dr. G. W. Howland, seconded by Mr. J. F. Edgar, Mr. H. J. Welch, C. A., was appointed Auditor of the Company for the ensuing year.

On motion of Mr. E. C. Whitney, seconded by Mr. W. Crocker, By-law No. 134, being a By-law to amend By-law No. 21, so that meetings may be held from time to time at the call of the President, Vice-President or any three Directors, was confirmed.

On motion of Mr. S. C. Smoke, seconded by Mr. Henry Swan, By-law No. 135, being a By-law to amend By-law No. 29, so as to make the appointment of an Executive Committee optional with the Board of Directors, was confirmed.

On motion of Mr. James Gunn, seconded by Mr. W. H. Robinson, By-law No. 136, being a By-law to amend By-law No. 39, giving authority to any two of the following in Toronto to sign cheques, namely, the President, Vice-President, a Director, and the Assistant Secretary, or any two of the following in Fernie, namely, the General Manager, Secretary and the Chief Accountant, was confirmed.

On motion of Col. W. P. Clough, seconded by Mr.

H. B. McGiverin, it was resolved that the thanks of the Shareholders are due, and are hereby tendered to the General Manager and other Officers of the Company for their zeal and effective services in the interest of the Company during the past year.

On motion of Col. W. P. Clough, seconded by Mr. H. B. McGiverin, Mr. J. F. Edgar, and Mr. W. Crocker were appointed scrutineers for the election of Directors.

On motion of Mr. S. C. Smoke, seconded by Mr. J. P. Stedman, the following gentlemen were nominated as Directors of the Company for the ensuing year: Elias Rogers, E. C. Whitney, W. P. Clough, H. B. McGiverin, W. H. Robinson, Jay P. Graves, and Dr. G. W. Howland.

The Chairman put the motion, which was carried.

It was moved by Mr. E. C. Whitney, and seconded by Mr. W. H. Robinson, and carried, that the Chairman cast one ballot on behalf of the Shareholders and in favor of the names nominated as Directors of the Company for the ensuing year.

The Scrutineers reported the gentlemen nominated as having been duly elected Directors for the year 1913.

The meeting then adjourned.

At a subsequent meeting of the Directors, the following Officers were elected:

President	-	-	-	MR. ELIAS ROGERS
Vice-President	-	-	-	MR. E. C. WHITNEY
Treasurer	-	-	-	MR. ELIAS ROGERS
Secretary	-	-	-	MR. R. M. YOUNG
Assistant-Secretary	-	-	-	MISS L. M. KELLEY



